ASCS BACKGROUND INFORMATION

Agricultural Stabilization and Conservation Service
U. S. Department of Agriculture

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THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The Agricultural Stabilization and Conservation Service (ASCS) is the agency of the U.S. Department of Agriculture that administers specified commodity and related land use programs designed for voluntary production adjustment, resource protection, and price, market, and farm income stabilization.

Personnel and facilities of the agency are utilized also for various functions of the Commodity Credit Corporation (CCC), the governmental unit charged with financing agricultural price support, commodity set-aside program, and related activities, including commodity acquisition, handling, storage, and disposal operations.

In its activities, the agency's primary responsibilities to promote the national welfare and to carry out the legislative intent of the Congress include those to:

-- improve the economic stability of agriculture by aiding farmers to achieve supply-demand balances that result in an equitable share of both domestic and export markets, and an equitable return on those markets

-- maintain an even flow of quality products to market at reasonable price to both producer and consumer

-- improve and protect soil and water resources by aiding farmers to carry out conservation and land use practices.

All programs administered by ASCS that deal directly with farmers are carried out through State, county, and community committees, established in accordance with provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act of 1935, as amended.

The principal activities of ASCS include:

(1) Commodity support operations through (a) loans to farmers; (b) direct purchases of commodities from farmers and processors; (c) acreage set-aside payments on specified commodities, (d) production payments for wool and mohair, and (e) wheat marketing certificates issued to eligible producers on wheat grown for domestic use.

(2) Production adjustment to balance supply and demand, for specified commodities, through cropland set-aside, acreage allotments, marketing quotas, and commodity acreage diversions, when applicable. For Flue-cured tobacco, a poundage-acreage program is in effect, and a poundage program for burley tobacco.

(3) Conservation assistance through sharing with farmers and ranchers the cost of installing needed soil, water, woodland, and wildlife conservation and pollution abatement practices under the Rural Environmental Assistance Program (REAP).

(4) Management of the Commodity Credit Corporation inventories acquired under commodity programs -- through sales, donations, storage, and related processing and shipping arrangements. The Export Marketing Service is responsible for programs dealing with the export of privately-owned agricultural commodities.

(5) The sugar program to provide an equitable sharing of the U.S. sugar market among domestic and foreign supplying areas, to protect the income of domestic producers, and to assure consumers a stable supply of sugar at reasonable prices.

(6) Disaster and defense activities to augment feed supplies for farmers and ranchers in areas where natural disasters have reduced feed, to provide emergency conservation assistance in restoring farmlands seriously damaged by widespread flood or drought, and to assist in preparedness planning for civil defense.

Organization

The agency* is headed by an Administrator, an Associate Administrator, and three Deputy Administrators. Each of the Deputy Administrators has responsibility in a specified area of activity; State and county operations, commodity operations, and management.

Reporting to the Office of the Administrator are the Automatic Data Processing Division, the Information Division, and a group of consultants and staff assistants who review, evaluate and appraise policies and programs as a basis for recommendations to the Administrator.

The ASCS Data Processing Center in Kansas City, Mo., and the Minneapolis Data Processing Center report to the Director of the Data Processing Division.

Offices and divisions of the agency reporting to the Administrator through the Deputy Administrators are as follows:

Deputy Administrator, State and County Operations (DASCO): The offices and divisions reporting to this office are primarily responsible for regulations and program instructions for State and county committees and for the administration through these committees of commodity and land use programs, bin storage, program compliance and appeals, and defense and disaster operations.

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* ASCS was established June 5, 1961 by the Secretary of Agriculture under authority of revised statutes (5 U.S.C. 22), and Reorganization Plan 2 of 1953, as well as all other statutes and prior reorganization plans vesting authority in the Secretary. The Secretary authorized a reorganization of the agency into both program and commodity divisions effective June 26, 1969.

The Aerial Photography operation in the Program Performance Division maintains an Eastern Laboratory at Asheville, N.C., and a Western Laboratory at Salt Lake City, Utah.

Reporting to the Deputy Administrator are five Regional Directors (with headquarters in Washington, D.C.), 50 ASCS State offices and a Caribbean Area office, and five divisions concerned with Commodity Stabilization, Commodity Loan and Service, Emergency Preparedness, Conservation and Land Use, and Program Performance.

The Offices headed by the five regional directors and the States they service are:

Midwest:	Illinois, Indiana, Iowa, Michigan, Missouri, Ohio and Wisconsin.
Northeast:	Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont and West Virginia.
Northwest:	Alaska, Idaho, Minnesota, Montana, Nebraska, North Dakota, South Dakota, Oregon, Washington, and Wyoming.
Southeast:	Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and Caribbean Area.
Southwest:	Arizona, California, Colorado, Hawaii, Kansas, Nevada, New Mexico, Oklahoma, Texas and Utah.

ASCS State and county committees are primary units in the agency's field organization. The State committees include three to five members, appointed by the Secretary of Agriculture. In addition, in each state the Director of the Agricultural Extension Service is an ex officio member.

There are (1971) 3,061 county committees, with three farmer-members each, elected by farmer-elected delegates to a county convention. One committeeman is elected each year, with two committeemen being holdovers. The county agricultural extension agent is an ex officio member of the committee, or serves as the committee secretary. However, he does not have committee voting rights in either position.

To assist the county committee in carrying out program administration, community committees of three farmers each are elected annually by other farmers in each of several local communities within the county.

Each ASC county committee employs a county executive director who, for the committee hires the necessary employees for officework and fieldwork, and sees that the day-to-day office and field operations are effectively and efficiently performed.

Deputy Administrator, Commodity Operations (DACO): This office is charged with formulating commodity policies and programs concerned with production adjustment; commodity loan and payment operations; purchase; sale or disposal of inventories in domestic outlets, and commodity storage in commercial warehouses. DACO is primarily responsible for the administration of the acquisition, storage (except CCC-owned bin storage), transportation, processing, management, and disposition of CCC-owned commodities.

Reporting to the Deputy Administrator are six commodity divisions, three commodity offices, and a transportation and warehousing division.

The commodity divisions are those for cotton, grain, livestock and dairy, sugar, tobacco, and oilseeds and special crops (peanuts, soybeans, flax, dry beans, tung nuts, castor beans, fats, oils, oil seed meal, naval stores, rice and other assigned commodities).

The three ASCS Commodity offices are located in Kansas City (Mo.), Minneapolis and New Orleans. The Kansas City office -- with its branch offices at Minneapolis, Minn., Evanston, Ill., Houston, Texas, and Portland, Ore. -- is concerned with grain; the New Orleans office with cotton; and the Minneapolis office which has a branch office in Houston, Texas, is concerned with processed commodities. The Commodity offices are primarily responsible for such activities as purchases, shipping, storage, commodity dispositions, export financing, fiscal examination, payment, and accounting.

The Transportation and Warehousing Division, in consultation with the commodity divisions, develops and recommends policies, programs and procedures for commercial storage, processing, packaging, and transportation of ASCS-CCC commodities. It provides technical advice, assistance, directions and coordination in supplying processed commodities for domestic and export donation and in carrying out of the traffic management program and operations. The division serves as the focal point and liaison with the Department of Transportation, Export Marketing Service, Foreign Agricultural Service, Agency for International Development, and accredited voluntary relief agencies. It maintains the Traffic Library of the Department, and carries out assigned defense activities.

Deputy Administrator, Management (DAM): This office is primarily responsible for overall management operations in both ASCS and CCC. Its operations include administrative services, budget formulation and administration, fiscal and claims management, operations analysis, work measurement, manpower utilization, personnel management, and employee development and training programs.

Reporting to the Deputy Administrator are the Operations Analysis Staff, the Management Field office of Kansas City, Mo., and five divisions -- administrative services, budget, data, fiscal and personnel management.

Following is a description of the major programs for which the ASCS is responsible:

Commodity Programs

ASCS administers support programs for wheat, corn, cotton (upland and extra long staple), peanuts, rice, tobacco, milk and the products of milk, wool, mohair, tung nuts, barley, oats, grain sorghum, rye, flaxseed, soybeans, dry edible beans, honey, and crude pine gum.

Support is achieved, singly or in combination, through loans, purchases, and payments, all at announced levels. Present legislation is designed to make some export commodities more competitive in world markets through loan at or near world price levels. At the same time, growers' incomes are protected by supplementary acreage set-aside payments, and -- in the case of wheat -- issuance of wheat marketing certificates which bring returns to participating growers to full parity on the domestically-consumed portion of the crop.

For most commodities, loans are made directly to producers on the unprocessed commodity through ASCS county offices. Smaller quantities of some commodities are also purchased from producers. Milk and milk products are supported through purchases of processed dairy products. Support on tobacco, peanuts, and naval stores is carried out through CCC loans to approved producer cooperative and marketing associations, that in turn make support available to producers.

Loans usually are available for periods of six to eight months following harvest. Depending on the commodity, loans generally mature one to three months following the end of loan availability. For upland cotton (1971-73 crop years), the term of the loan will be 10 months from the first day of the month in which the loan is made, if the producer presents a warehouse receipt showing that not more than 60 days' storage charges have accrued on the cotton.

Loans to eligible producers are "nonrecourse". With this type of loan, producers are not obligated to make good any decline in the market price of the commodity they have put up as collateral. If market prices rise above the loan level, producers can pay off their loans and market their commodity. If market prices fail to rise above the loan level, producers can deliver the commodity to CCC, with appropriate adjustments for quality and quantity, and discharge their obligations in full.

Purchases from producers are made at the time of loan maturity for the crop. In recent years, farmers also have been able to continue their loans on certain grains in farm storage beyond the first year, earning storage payments during the announced loan extension ("reseal") period.

Support loans and purchases give farmers a ready means of promoting more orderly marketing, particularly in periods when bountiful harvest supplies threaten to push prices of farm commodities down to unfair levels.

Support for wool and mohair is accomplished through payments which, in combination with producer marketing returns, bring their total return up to the announced support level. This level, through 1973, is 72 cents per pound for shorn wool and 80.2 cents per pound for mohair. For wheat, support is partially in wheat marketing certificates.

Eligibility for program loans, purchases and payments, and for wheat marketing certificates, is conditioned on participation in set-aside, allotment, quota, acreage diversion, and other applicable program provisions in effect for the particular crop.

Although ASCS, through its personnel and facilities, administers support operations, the programs are authorized and financed by the CCC.

Production Adjustment

Cropland set-aside, acreage allotments, marketing quotas, and commodity acreage diversions, when applicable, are used, singly or in combination, in an effort to keep the production of commodities designated by law in line with demand. Acreage allotments apply to extra long staple cotton, rice, peanuts, and most kinds of tobacco.

When supplies of certain commodities become excessive, marketing quotas for specified commodities are used in conjunction with acreage allotments if at least two-thirds of the producers voting in referendum approve the quotas. When quotas are in effect, any excess production of the crop -- that is, in general, the production from acreage in excess of the farm acreage allotment -- is subject to penalties. Marketing quotas applied to 1972 crops of extra long staple cotton, peanuts, rice and 8 kinds of tobacco.

National acreage allotments are divided among farms on the basis of past history of production of the crop and on other factors.

To participate in allotment programs, producers harvest within the acreage allotments set for the commodity for their farms.

The Agricultural Act of 1970, applicable through 1973, initiated a cropland set-aside approach for participating producers in the wheat, feed grains and upland cotton programs (1971-73 crop years). Under the Act, marketing quotas and acreage allotments were suspended for the 1971-73 crop years for wheat; and marketing quotas and penalties were suspended for the 1971-73 upland cotton crop years. The programs are voluntary. Under provisions of the Act, feed grains include corn and grain sorghum, and, if designated by the Secretary, barley.

Flue-cured tobacco acreage-poundage quotas encourage growers to emphasize quality. Under the program of allotments by acreage, each producer could market penalty-free all tobacco produced on his alloted acreage. The acreage-poundage program limits both poundage and acreage. This makes it both unnecessary and uneconomical for the grower to try to produce quantity at the expense of quality. The program also aims at bringing production into better balance with domestic use and exports. Flue-cured tobacco producers began using the acreage-poundage program in 1965. A poundage program is in effect for burley tobacco through the 1973 crop year.

Program eligibility is conditioned to participation in set-aside, allotment and quota programs (and appropriate provisions for tobacco) when in effect for a crop. Aerial photographs provide base maps for measuring areas planted to program crops and thus determine farmer compliance with conserving base, set-aside, allotment, acreage diversion, when applicable, and other programs.

Payment Limitation: The Agricultural Act of 1970 provided an annual ceiling of $55,000 per crop (1971-73 crop years) to producers of upland cotton, wheat, and feed grains, with the limitation to consider all payments made for acreage set-aside, diversion, public access and wheat marketing certificates. This limitation did not include loans or purchases.

Long-Term Land Retirement Programs

Under Title VIII of the Agricultural Act of 1970, long-term land retirement programs, similar to the prior Cropland Conversion and Greenspan Programs, were authorized for the 1971-73 calendar years. Under Title VIII authority, payments could not exceed $10 million annually for each program.

Prior Long-Term Land Retirement Programs: Contractual agreements on prior long-term land retirement programs remain in effect for the following programs:

The Cropland Adjustment Program (which included Greenspan), authorized in 1965, was offered on only a limited scale during 1966 and 1967, with agreements entered into for periods up to 10 years. The program supplemented the annual commodity acreage diversion programs and, through Greenspan, provided for more open space and other recreational opportunities for urban areas. Specific incentives were offered to farmers if they shared their land facilities with the public (public access). Emphasis was given to the development of hunting and fishing areas through conservation practices designed to foster wildlife. Existing CAP agreements expire not later than 1976.

The Cropland Conversion Program, authorized in 1962, was offered on a pilot basis during the period 1963-67, with agreements entered into for periods up to 10 years. The program was designed to improve family farm income by helping farmers convert cropland, primarily that was used for the production of surplus row crops and small grains, to long-range income producing uses, such as forests, grass, water storage, wildlife habitat, or recreational facilities. Existing agreements under this program expire not later than 1975.

The Conservation Reserve Program, authorized in 1956 under the Soil Bank Act, provided for contracts with participating farmers for up to 10 years to take cropland out of production and to establish and maintain protective vegetative cover or other needed conservation practices, such as tree planting, water impoundments and wildlife conservation. The program was offered during the period 1956 through 1960. Mandatory extensions of some contracts were required because tree seedlings initially were unavailable for planting on all diverted acres. Existing contracts under this program expire not later than 1972.

Rural Environmental Assistance Program

The Rural Environmental Assistance Program (REAP), successor to the Agricultural Conservation Program (ACP), provides cost sharing (generally on a 50-50 basis) with farmers to carry out needed conservation and environmental measures.

Program emphasis is on meeting some of the more pressing farm-related conservation and environmental problems in rural areas, on practices for long-range preservation of the environment, and on practices that will provide substantial benefits to the public at the least possible public cost.

The program is administered in each county or parish by the ASC county committee. Under broad Federal and State guidelines, the committees select the approved cost-sharing practices best suited to meet the needs of their area; determine which farm land needs treatment, and, within the county's allocation of funds, fix the amount of cost-sharing to be provided each farmer.

Major considerations in authorizing cost-sharing practices under REAP are the resulting public benefits, such as pollution abatement, enduring soil and water conservation, recreation, wildlife, and open space.

A major thrust is to reduce water pollution. Water retaining and retarding measures on farms such as dams and ponds, permanent grass cover, waterways, buffer strips, and tree planting will be stressed. These will be directed toward reducing silt in streams, rivers, lakes and other bodies of water, and toward reducing pollution from animal wastes, fertilizers and pesticides.

Special projects and pooling arrangements among farmers are authorized.

Commodity Disposal and Inventory Operations

When production exceeds demand, farm income is protected from undue market-depressing effects of the surplus by adding supported commodities to stocks under storage loans or CCC ownership, thus stabilizing farm prices. Commodities acquired under the commodity programs are then made available for movement into consumption channels both at home and abroad as needs require.

The program provides for using these built-up stocks to stabilize consumer prices by moving commodities into use in times when supplies are low relative to need, or demand is strong through unusual circumstances. In many instances, the strengthening of demand relative to supply results directly from production adjustment programs that bring output down. By filling the gap between reduced production and current needs, the government reduces the surplus.

Many outlets are employed in moving CCC commodities into use. Some are sold in the United States for dollars. Some are sold for export, either as commercial transactions, or under various government programs.

They are never sold for domestic use at less than legal minimum levels, or current market prices, whichever is higher, except under authorized programs to meet emergency needs such as for livestock feed in disaster areas.

CCC commodities are sold for dollars and foreign currencies for movement into export channels. The payment-in-kind export program has been phased out. Farm commodities bartered for strategic and critical materials produced abroad and for goods and services to fill U.S. government needs abroad are coming from commercial rather than CCC stocks. When needed, export payments are used to keep designated U.S. farm products competitively priced in world markets.

The Export Marketing Service (EMS) has primary responsibility for policies and programs to maximize U.S. farm exports. The functions of EMS include the Wheat Export Subsidy and Marketing Branch; policy for sales of CCC-owned commodities for export*; the General Sales Manager's Office (includes dollar credit sales), Barter and Stockpiling, and Program Operations and Ocean Transportation Division (purchases authorization and schedule functions for Title I, Public Law 480).

Substantial quantities of food commodities are transferred, on either a reimbursable or non-reimbursable basis, for eventual donation to school lunch programs, Veterans Administration and Armed Forces hospitals, needy Indians and, through welfare organizations, to other needy persons in the United States and abroad. In most instances, arrangements are made to process the commodities into food and package them in consumer-size packages for donation.

Inventory Operations

Storage operations to safeguard stocks while they are in CCC ownership are an essential function of ASCS. Commercial storage facilities are used to the fullest extent practicable and the major part of CCC stocks are stored in these facilities. Grains and related commodities in the inventory and under loan programs are stored under a uniform storage agreement with some 10,000 commercial warehouses throughout the U.S. Cotton, tobacco, dairy products, and other commodities are also stored under uniform agreements in commercial facilities. These agreements provide for uniform storage, handling payments and other requirements needed to keep the inventory safe.

In the past, CCC has acquired supplemental bin storage in areas where storage was short, primarily in the corn-producing area. At one time, some grain was stored in ships of the reserve maritime fleet. Bin capacity has declined as unneeded bins were sold to farmers and private individuals, primarily for continued use in storing agricultural commodities. At the end of 1971, CCC-owned bin-type storage had a capacity of about 311 million bushels -- down 71 million bushels from 1970. At the peak in 1957 this capacity was 990 million bushels.

The Sugar Program

Basically, the Sugar Act is intended to do three things: (1) make it possible as a matter of national security to produce a substantial part of our sugar requirements within the continental United States; (2) assure United States consumers of a plentiful and stable supply of sugar at reasonable prices; and (3) permit friendly foreign countries to participate equitably in supplying the United States sugar market for the double purpose of expanding international trade and assuring an adequate and stable supply of sugar.

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* EMS is responsible for CCC export sales of all commodities, except tobacco, peanuts, gum naval stores and tung oil, which are the responsibility of ASCS.

Main features of the program include: The determination each year of the amount of sugar which will be needed to fill United States requirements; the establishment of "quotas" which determine the share of this market which will be available for specific domestic and foreign producing areas; the establishment (as needed) of individual allotments, or "proportionate shares", for domestic farm producers and of marketing allotments for processors, and the payment of "conditional payments" to producers in return for their compliance with the provisions of the Sugar Act. Producers receive conditional payments if they (1) do not employ child labor, (2) pay their fieldworkers minimum wages that have been determined by the Secretary to be fair and reasonable, (3) comply with acreage allotments when allotments are in effect, and (4) if the producer is also a processor, pay other producers a fair and reasonable price for their sugarcane and sugarbeets.

Conditional payments to producers are financed out of the general funds of the Treasury. However, sugar excise taxes paid by processors and refiners provide funds for the Treasury which more than offset all costs of the program.

Natural Disaster Assistance

Three-member disaster committees have been established in each State. Members are the directors of the Farmers Home Administration and the Cooperative Extension Service, and the ASC State Chairman, who also serves as disaster committee chariman. State Disaster Committees report any emergency situation, and, when necessary, recommend that the Secretary of Agriculture designate as disaster areas any that require emergency assistance.

Emergency assistance programs offered farmers in disaster-designated areas may include any or all of the following: (1) Permission to cut hay and graze livestock on lands retired or diverted from crop production under USDA programs; (2) making available CCC-owned or controlled feed to eligible farmers and ranchers at not less than 75 percent of the current county loan rate; and (3) cost-sharing with farmers who carry out emergency conservation practices to rehabilitate farmlands damaged by natural disaster.

Defense Readiness

USDA has a wide range of defense responsibilities. Some are inherent in its regular program authorizations. Others have been delegated by Executive orders covering defense preparedness and emergency operations.

To mobilize its field strength for defense purposes, USDA has established USDA Defense Boards in each State, in Puerto Rico-Virgin Islands, in the District of Columbia, in about 3,000 counties throughout the U.S., and in certain metropolitan areas. The members of these Boards represent USDA agencies having major field defense responsibilities.

ASCS personnel serve as chairmen of USDA Defense Boards except in metropolitan areas.

ASCS is responsible for defense programs relating to farm production, conservation and stabilization. It is also responsible for defense preparedness and emergency operating programs relating to the handling, storage and distribution of all grains before export or processing.

ASCS also provides certain defense coordinating services, including USDA-wide consolidation of claims for non-food requisites and manpower necessary to support food and agricultural operations and other programs for which USDA is responsible; servicing of USDA State and County Defense Boards; coordination of USDA attack analysis and damage assessment activities; coordination and maintenance of emergency records systems in the field; and preparation of defense reports for USDA.

Other ASCS Activities

Farm Facility Loan Program: Under this program, ASCS aids farmers in the expansion of facilities needed for farm storage of supported commodities with special ASCS farm storage and equipment loans.